

Tool 2: Developing a Strategy for Corrective Action and Systems Improvement Planning

This tool sets out the steps that companies can take to develop and implement plans to address identified cases of forced labor and human trafficking in their supply chains. These steps are contextualized in the example of “Company ABC” and its approach to remediating issues of passport retention, deposits and forced savings.

The material herein is drawn from Verité’s in-depth training on [Problem Solving and Decision-Making for Social Responsibility](#).

STEP 1: REVIEW ASSESSMENT FINDINGS

The first step to take is to review the findings of a supply chain audit, self-assessment or other form of assessment, taking the most recent one as the starting point, but also considering past assessments of the same supplier. Examine both internal and third party assessments, and identify the key gaps or problems you need to address and where they occur in your operations or those of your broker(s), including recruitment, hiring and management of migrant workers. A review of assessment findings may reveal specific problems like passport retention that are likely to affect migrant workers only, or it may reveal bigger problems that affect the whole workforce at the facility.

Company ABC received a fairly good audit report from one of its brand clients, but was told that it immediately had to correct the following company practices:

1. *passport retention*
2. *deposits and forced savings*

STEP 2: ANALYZE THE PROBLEM

Companies should analyze the identified problems or gaps for root causes that may underlie them. Many non-conformance issues in the supply chain are manifestations or symptoms of larger problems. In addressing compliance violations, it is important to tackle not only the symptom but the root cause as well. Approaches that do not address root causes may prove inadequate, leaving underlying issues unaddressed and resulting in the recurrence of old problems and the creation of new ones.

There are many tools available to help you with systemic analysis, including:

- Fishbone Diagram (or Cause and Effect Analysis);
- Force Field Analysis;
- KATTAR root cause analysis;
- 5Ws/2Hs (Who, What, Where, When, Why & How Many, How Often);
- Fault Tree Analysis; and
- 5 Whys

Company ABC identified several causes for the passport retention issue. It also found that one of these causes – the fear of workers “running away” from the facility – was driven by the threat of government penalties to the facility in the event that migrant workers overstayed their visas. (The facility was the visa sponsor for the migrant workers.) This concern was also found to be the root of the practice of securing deposits and forced savings.

STEP 3: BRAINSTORM POSSIBLE CHANGES AND IMPROVEMENTS TO SOLVE THE PROBLEM

Once it is clear where a problem comes from, companies should act on the most immediate causes, working with any sub-tier suppliers and labor brokers to do so. Many problems have more than one root cause and, in most cases, companies may need to address more than one issue to inspire real change. When brainstorming these improvements,

make sure there is a broad cross-section of people involved from different parts of the company and levels of the supply chain, with different perspectives and expertise.

STEP 4: DECIDE ON THE BEST CHANGE AND IMPROVEMENT OPTION OR DECISION ANALYSIS

Issues and decisions like these should be examined at policy, process and task levels to ensure that strategic thinking and decision-making is not only taking place at the operational level. This will ensure that suppliers are addressing problems in a systematic way and not just responding to issues as they occur.

Company ABC arrived at the following solutions:

1. *Cease the practice by suppliers and brokers of withholding workers' personal documents.*
2. *Return workers' passports, and provide workers with a lockable safety deposit box where they can keep their passports and other important documents. Put these boxes inside the factory.*
3. *Cease the practice of deposits and forced savings.*
4. *[To address the concern that migrant workers might "run away" if the facility no longer holds their passports] Improve worker retention by improving worker satisfaction:*
 - *Conduct worker satisfaction surveys*
 - *Benchmark practices of other companies for improving worker retention*
 - *Improve worker communication and feedback systems*
 - *Identify migrant workers' concerns by ensuring that they have good access to worker communication and feedback mechanisms*
 - *Ensure that all grievances from migrant workers are responded to and resolved in a way that is mutually beneficial to management and workers*
5. *Provide supervisory training on grievance handling, communication, and techniques for positive motivation.*

STEP 5: DEVELOP A PLAN FOR IMPLEMENTING THE DECISIONS

Having identified an effective change and improvement option, companies should work to:

1. Identify whether policies and procedures need to be developed or revised to support the change;
2. Identify "change owners" at policy, procedural and task levels;
3. Discuss a realistic timeframe for implementing the change;
4. Identify performance indicators to measure effectiveness of the change; and
5. Revise or design a complementary monitoring mechanism.

STEP 6: ANTICIPATE POTENTIAL PROBLEMS

After articulating the new plan, companies should consider identifying:

1. Potential roadblocks to efficient and effective implementation.
2. Preventive actions and contingent actions.

STEP 7: SUPPORT IMPLEMENTATION OF THE PLAN

STEP 8: DETERMINE MILESTONES AND MONITORING SCHEDULE

